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RESTORING EFFICIENCY TO AGRICULTURE PRODUCTION (REAP) ACTIVITY IN GEORGIA

Quarterly Progress Report

Year 1. Quarter 1: October 1st, 2013-December 31st, 2013



Prepared for review by the United States Agency for International Development under USAID Contract No. AID-114-C-13-00002, Restoring Efficiency to Agriculture Production (REAP) Activity in Georgia implemented by CNFA

Restoring Efficiency to Agriculture Production (REAP) Activity in Georgia

Quarterly Progress Report

October 01, 2013 – December 31, 2013

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Acronyms

ADS	Automated Directives System
AMP	Access to Mechanization Program
AYEG	Association of Young Economists in Georgia
BDS	Business Development Services
BEO	Bureau Environmental Officer
BOG	Bank of Georgia
BR	Bank Republic
BSP	Business Service Provider
C1	Component One
C2	Component Two
CBA	Cost Benefit Analysis
COP	Chief of Party
COR	Contracting Office Representative
CDCS	Country Development and Cooperation Strategy
EMMP	Environmental Mitigation and Monitoring Plan
ENG	English
EOI	Expression of Interest
EPI	Economic Prosperity Initiative
ER	Environmental Review
EU	European Union
FSC	Farm Service Center
GIPA	Georgian Institute of Public Affairs
GIS	Geographic Information Systems
GoG	Government of Georgia
HQ	Headquarters
IEE	Initial Environmental Examination
KSB	Kor Standard Bank
LOP	Life of Project
M&E	Monitoring & Evaluation
MOA	Ministry of Agriculture
MFI	Microfinance Institution
MSC	Machinery Service Center
NGO	Non-Governmental Organization
PEA	Programmatic Environmental Assessment
PMP	Performance Monitoring Plan
PP	Primary Production
PR	Public Relations
PY 1	Project Year One
Q1	Quarter One
Q2	Quarter Two
QPR	Quarterly Progress Report
RFA	Request for Application
REAP	Restoring Efficiency to Agricultural Production
SDC	Swiss Agency for Development and Cooperation
SME	Small and Medium Enterprises
STTA	Short Term Technical Assistance
TA	Technical Assistance
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

VAT	Value Added Tax
Y 1	Year One
WFLO	World Food Logistics Organization

Executive Summary

REAP is a private-sector oriented and investment focused program. It is market dependent and demand driven. Thus, it relies upon utilization of proven, traditional business practices both in management of the project itself and in identifying its core grantee constituency. To understand the thrust of REAP it is essential to understand the nature of its grantees. The prototypical REAP grantee is: a.) an agriculture entrepreneur who has a sound business idea, is willing to invest in that idea, and for whom a grant covering up to 30% of the cost is a sufficient incentive to undertake the project.

The main goal of REAP is to identify at least 120 such entrepreneurs, assist them in launching their investments, and support them in implementing them. Simply put, the purpose of REAP is to launch successful agriculture-based enterprises. To achieve this overall goal REAP will employ three resources: an extensive outreach program to identify qualified entrepreneurs, a grant program to incentivize them, and a technical assistance program to support their investments.

The first of these REAP resources, its outreach component, was employed during quarter one (Q1) resulting in 65 grant applications and 41 offers from BSPs to provide technical assistance. Analysis of these results will begin to indicate realistically the market demand for assistance and its availability to REAP's core constituency. The remaining two of these REAP resources will be employed beginning in quarter two (Q2).

REAP management understood at the outset that to meet the project's ambitious program goals, it needed to get off to a quick start and generate significant results early on. These were largely accomplished and are reflected in the above-mentioned results generated within three months of project launch. Important strategy and program guidance will be gleaned from these results.

To generate results in grant applications and offers of technical assistance within three months required rapid REAP deployment, quick project set-up, efficient logistics, and immediate outreach. These were successfully managed and are reflected in the already described results. As we assess these results and review our procedures there are a number of important observations we can make even at this early stage.

1. Our outreach efforts appear appropriate and seem to be reaching our targeted constituency. Analysis of received applications will indicate whether adjustments in our systems are needed.
2. We note that while we deployed outreach staff to only three districts and Tbilisi, we generated grant applications from ten districts plus Tbilisi. This is attributable to our ability to effectively utilize outlying local media resources and to our deploying regional coordinators as soon as possible. This invites our consideration of establishing a third small regional office.
3. Our ability to generate early interest in and response to the new REAP program is due in some part to the trust established by preceding projects in the CNFA brand.
4. We remain aware that our outreach potential would be significantly enhanced if we had a dedicated REAP web site. We know approval for this is in process and hope it will materialize soon. To aid in outreach, there is now an online portal to promote REAP's Grants and Technical Assistance program on the U.S. Embassy website:
<http://georgia.usembassy.gov/resources/programs/grant-programs/reap.html>
5. The cross-cutting areas of gender and youth should not be treated as program add-ons but should be subjects of special program initiatives. REAP is considering initiatives in this regard to be further developed in Q2.
6. Grant applicants and technical assistance respondents should be considered sources of new and original information as well as program targets. A simple questionnaire designed for and given to REAP outreach meeting attendees provided unique and insightful information on attitudes and experience of potential grantees.
7. Selected current donor projects offer potential areas of useful collaboration. REAP has met with 26 donors and or projects over Q1. Of these, ten are interested in more detailed discussions of specific areas of potential collaboration.

8. The availability in the market of cheap credits for our grantees is a major asset for REAP. The requirement that REAP grantees must finance at least 70% of their investment in cash makes the appeal of low-interest loans for this purpose obvious. Cheap credit programs should be more than an alternative financing consideration for REAP, should be a major component of the grants program. REAP will work in Q2 to create open door access to cheap credits for its grantees.
9. The Request for Applications (RFA) is the key mechanism in the process to identify qualified grantees. However, REAP has come to regard it not simply as a procedural guide but as a major asset in shaping program results. Developing sharp, focused RFAs will enable REAP to target entrepreneurs and activities as necessary to modify, redirect, or recast the program and direction when necessary. REAP will work in Q2 to conceptualize RFA's leading to innovative special initiatives.

Summary of Achievements in Quarter 1

Start Up Activities	Component 1: SME Development in the Agriculture Sector	Component 2: Technical Assistance Program
<ul style="list-style-type: none"> • Main office and regional office space secured • Key and non-key personnel mobilized • PY 1 Work Plan, Grants Manual and PMP submitted for approval • EMMP approved • Outreach materials including program one pager, brochure, and presentation developed and approved by USAID • REAP Facebook page launched • 326 TV advertisements aired • Information on BSPs EOI placed in 8 regional news papers 	<ul style="list-style-type: none"> • Component 1 - RFA and application materials developed and approved • RFA for the grant program released on November 30, 2013 • 7 pre-application workshops organized in Shida Kartli, Kvemo Kartli, Kakheti and Tbilisi • Sixty five grant applications received in response to RFA-001/1213 	<ul style="list-style-type: none"> • Component 2 – BSP Expression of Interest and application materials approved • 6 roundtables organized for Business Service Providers • Call for EOI for Business service Providers released • Solicitation for the Technical Assistance program for SMEs released • Forty One EOIs from Business Service Providers received • Three SMEs applied for the technical assistance program

Detailed REAP Progress by Activity and Component

Start-up Activities

In Quarter 1, REAP focused the majority of its efforts on program start up and operational activities. This included the set-up of REAP's main office in Tbilisi and Regional Offices in Telavi and Kutaisi, the onboarding of key and non-key personnel, equipment procurement, development of operational manual and employment documentation, and planning and reporting to USAID.

Facilities and Equipment: CNFA fully re-occupied the main office it has utilized since 2007, on Kostava Street. The renovated office provides 345 square meters of space, which is adequate for REAP's needs. Minor repairs, including painting and dry wall repair were conducted the week of October 21, 2013, in preparation for full staff mobilization, which occurred the week of October 28.

CNFA negotiated with GIPA to share the office space in Kutaisi and identified suitable office space in Telavi. The Kutaisi office was opened on December 15, 2013 and the Telavi office will open in January 2014. Each regional office accommodates three regional coordinators along with two interns sourced from local universities.

In October, CNFA solicited competitive bids for the procurement of computers and other office equipment and completed delivery and installation of all needed equipment. In addition, the transfer of assets from the closed-out Farmer to Farmer Program, including three vehicles, has now been completed.

Staffing: In the first quarter, REAP focused its efforts on mobilizing key and non-key personnel as well as deploying the Chief of Party, Mr. Louis Faoro, from the United States to Tbilisi. 13 staff members who were presented in the proposal have been engaged from the beginning, and CNFA immediately undertook concerted recruiting efforts to replace two key staff vacancies – the Deputy Chief of Party and the Director of Finance and Administration. Interviews for these two positions took place following the arrival of the COP in-country on October 30, 2013 and candidates were submitted to USAID for approval on November 14, 2013. The two key personnel were approved by USAID on November 26,

2013.

Among non-key staff, three individuals originally proposed were not available after project award.

All mobilized staff have signed employment contracts (in accordance with Georgian labor law) accompanied by detailed scopes of work. Two regional coordinators out of 8 planned for the LOP were engaged in December for immediate involvement in the outreach program. REAP's Regional Coordinators in Kutaisi and Telavi have already reached out to local universities to identify potential interns who will be utilized to support operational and programmatic efforts. After a competitive recruitment and interview process, REAP will select the two most qualified candidates for each office to start their assignments in January 2014.

The staffing table below summarizes status and mobilization of the REAP team in Quarter 1.

	Name	Position	Current Status	Start date
1	Louis Faoro	Chief of Party (key)	mobilized	October 30, 2013
2	Louisa Namicheishvili	Deputy Chief of Party (key)	mobilized	January 1, 2014
3	Lali Dvalishvili	Director of Finance (key)	mobilized	December 9, 2013
4	Zaal Khomeriki	C1 Team Leader /Agribusiness Investment Director (key)	mobilized	October 23, 2013
5	Kote Kobakhidze	C2 Team Leader/Technical Assistance Director (key)	mobilized	November 1, 2013
6	Paata Zakarashvili	Access to Finance Specialist	mobilized	October 23, 2013
7	Valeri Gulbani	M&E Manager	mobilized	October 28, 2013
8	Maka Noselidze	Communications Specialist	mobilized	October 28, 2013
9	Shorena Dzotsenidze	Gender Specialist	mobilized	October 28, 2013
10	Nino Inasaridze	Environmental Specialist	mobilized	October 23, 2013
11	Giorgi Niparishvili	Primary Production Specialist	mobilized	December 9, 2013
12	Giorgi Iakobashvili	Input Supply and Farm Service Specialist	mobilized	January 1, 2014
13	Givi Javakhishvili	Post-Harvest and Processing Specialist	mobilization ongoing	TBD
14	Malkhaz Bregadze	Agricultural Technology Specialist	mobilized	October 28, 2013
15	Maka Tevdoradze	Business Management and Marketing Specialist	mobilized	October 28, 2013
16	Irine Salukvadze	Workforce Development Specialist	mobilized	December 16, 2013
17	Manana Kakuchaia	Grants Manager	mobilized	November 1, 2013
18	Nino Pirtskhalava	Office Manager/Accountant	mobilized	October 28, 2013
19	Ioseb Khomizurashvili	Regional Coordinator (Telavi)	mobilized	December 6, 2013
20	Nugzar Jinjikhadze	Regional Coordinator (Kutaisi)	mobilized	December 9, 2013

Operations: The CNFA HQ Start-Up Team arrived in Tbilisi on October 8, 2013 and immediately addressed operational and logistical requirements necessary for the start-up of the program. With a long-standing history

of continuous operations in Georgia, the team was well-positioned to build upon CNFA's past implementation experience and smoothly transition into the start of REAP. Key operational accomplishments and activities completed in Q1 include:

- Securing office space and completing minor renovations;
- Procuring computers and necessary office equipment;
- Updating CNFA's existing Georgia operational policy manual to comply with Georgia's new labor law, passed in July, 2013;
- Opening REAP bank accounts for USD and GEL;
- Obtaining VAT exemption;
- Establishing a debit card system for the payment of staff salaries through direct transfer - fully compliant with Georgian tax withholding and remittances;
- Provision of health insurance for REAP staff and their families;
- Training of administrative staff in internal CNFA expense reporting procedures and USAID contract compliance;
- Executing subcontracts with REAP consortium partners CARANA and WFLO on November 27, 2013.
- Holding initial coordination meetings with the EU and SDC and other USAID funded projects;

Document and Deliverables Submission: A significant task in Q1 included the development and submission of a range of deliverables to USAID for review and approval including the Grants Manual, Year 1 Work Plan, PMP, EMMP, Component 1 and Component 2 Application Materials, Request for Applications (RFA), and communications materials. All documents were submitted on time to USAID. As of the submission of this QPR the Work Plan, PMP, and Grants Manual are pending USAID approval.

The below table summarizes all submitted documents in Q1 and their current approval status.

Document	USAID Submission	Submission Date	USAID Approval
1. Year 1 Work Plan			
<i>Work Plan</i>	submitted	13-Nov	Pending approval
<i>Annex A: PMP</i>	submitted	13-Nov	Pending approval
<i>Annex B: EMMP</i>	submitted	15-Nov	Approved
<i>Annex C: Component 1 Application Materials</i>			
Draft Application Form	submitted	13-Nov	Approved
Draft Evaluation Form	submitted	13-Nov	Approved
Draft REAP Eligibility Criteria	submitted	13-Nov	Approved
Applicant Guide	submitted	13-Nov	Approved
<i>Annex D: Component 2 Application Materials</i>			
Draft Application Form (BDS)	submitted	13-Nov	Approved
Draft Application Form (SME)	submitted	13-Nov	Approved
Draft Evaluation Form	submitted	13-Nov	Approved
Draft REAP Eligibility Criteria (BDS)	submitted	13-Nov	Approved
Draft REAP Eligibility Criteria (SME)	submitted	13-Nov	Approved
Evaluation Criteria	submitted	13-Nov	Approved
BSP EOI Announcement Draft	submitted	13-Nov	Approved
SME Application Announcement	submitted	13-Nov	Approved
2. Grants Manual			
Grants Manual	submitted	12-Nov	Pending approval
3. RFA			
RFA	submitted	19-Nov	Approved

4.Communications Materials			
REAP One Pager _ ENG	submitted		Approved
REAP One Pager _ GEO	submitted		Approved
REAP Booklet _ ENG	submitted		Approved
REAP Booklet _ GEO	submitted		Approved
REAP Outreach PP _ GEO	submitted		Approved

Program Outreach

To ensure equitable access to REAP grant and technical assistance programs it is crucial to engage the agribusiness community in all regions of the country. In Q1, REAP produced a variety of instruments for communicating the project message to the general public including:

Printed materials:

- **Program Brochures** – Clearly and concisely explain the objective of the project, its methodology and the expected results. The brochure includes project contact information.
- **1-page Program Summary** – A brief, 1-page program summary suitable for email circulation or hand out to any stakeholder interested in an overview of the project.
- **REAP presentation** – A brief description of the program that emphasizes the goals and objectives of the project, associated grant amounts, co-investment requirements, and technical assistance opportunities.



REAP staff conducting program outreach for potential grant applicants in Marneuli on Dec.5, 2013

Web site: REAP anticipated that it would convert the former Access to Mechanization Project (AMP) web-site. However, this conversion was postponed due to recently introduced limitations on the establishment of new project websites. The request for permission has been submitted by the REAP COR to USAID Washington. In the meantime, REAP has created a Facebook page for further PR activities: <https://www.facebook.com/reap.georgia/https://www.facebook.com/pages/REAP-Georgia/558240384259026#>

To aid in outreach, there is now an online portal to promote REAP's Grants and Technical Assistance program on the U.S. Embassy website: <http://georgia.usembassy.gov/resources/programs/grant-programs/reap.html>

Outreach: Led by Component 1 and Component 2 staff – including the Communications Specialist - REAP held presentations for Round 1 in three regions: Kakheti, Kvemo Kartli and Shida Kartli. During the presentations all participants received a printed version of the Request for Applications (RFA), Application Form, and a CD with all Component 1 and Component 2 application materials. The table below shows the breakdown by region for outreach in Round 1.

Region	Town	Date of Presentation	Number of Participants
Kakheti	Telavi	December 2, 2013	63
Kakheti	Lagodekhi	December 3, 2013	26
Kakheti	Dedoflistskaro	December 4, 2013	20
Kvemo Kartli	Marneuli	December 5, 2013	47
Shida Kartli	Gori	December 6, 2013	71
Kvemo Kartli	Tbilisi	December 10, December 16, 2013	90

Outreach sessions were supported by informational posters and TV spots. 40 copies of informational posters highlighting REAP's Component 1 and 2 activities were distributed throughout the country and placed in municipality buildings and Farm Service Centers (FSCs). Informational TV spots highlighted REAP project activities and announced the venue, time, and date of each presentation to be held in the region. The below table provides information regarding television outreach and placement of information spots:

TV Company	Coverage Area	# Spots/Day	Duration Period
Tanamgzavri	Telavi, Kvareli (Kakheti Region)	10	10/28/13 – 11/04/13
Gurjaani	Kakheti Region	8	10/28/13 – 11/04/13
TV4	Rustavi, Marneuli, Bolnisi (Kvemo Kartli)	8	10/30/13 – 11/05/13
Marneuli	Marneuli	10	10/30/13 – 11/05/13
DIA	Gori, Khashuri, Kareli (Shida Kartli)	8	10/30/13 – 11/06/13

Project Launch: Initially, project launch was planned for the month of November. However, at USAID request REAP postponed the date of the launch tentatively to December 23, 2013 due to the recent presidential election and subsequent formation and reorganization of the government. Given that the target audience for the project launch was primarily international organizations and governmental agencies, the revised date of December 23rd, was ultimately deemed not suitable. Therefore, at USAID request, REAP will now hold the launch event in February, 2014 after potential grantees are identified and the project can report more substantively on successes, trends, and findings after the first round of applications.

Component 1: SME Development in the Agriculture Sector

In Q1, the primary task for Component 1 was the organization and initial implementation of a competitive grant scheme for Round 1. This included the development of draft application and evaluation forms, and an RFA in coordination with USAID. These approved Component 1 materials comply with the REAP Grants Manual as well as the methodology as described in the PY1 Work Plan. Certain materials, such as the Grant Applicant Guide were translated into Georgian for ease of use among prospective applicants. After submission and approval of these materials, the REAP team released its first RFA on November 30th, 2013 setting the deadline for Round 1 of applications for December 31st, 2013.

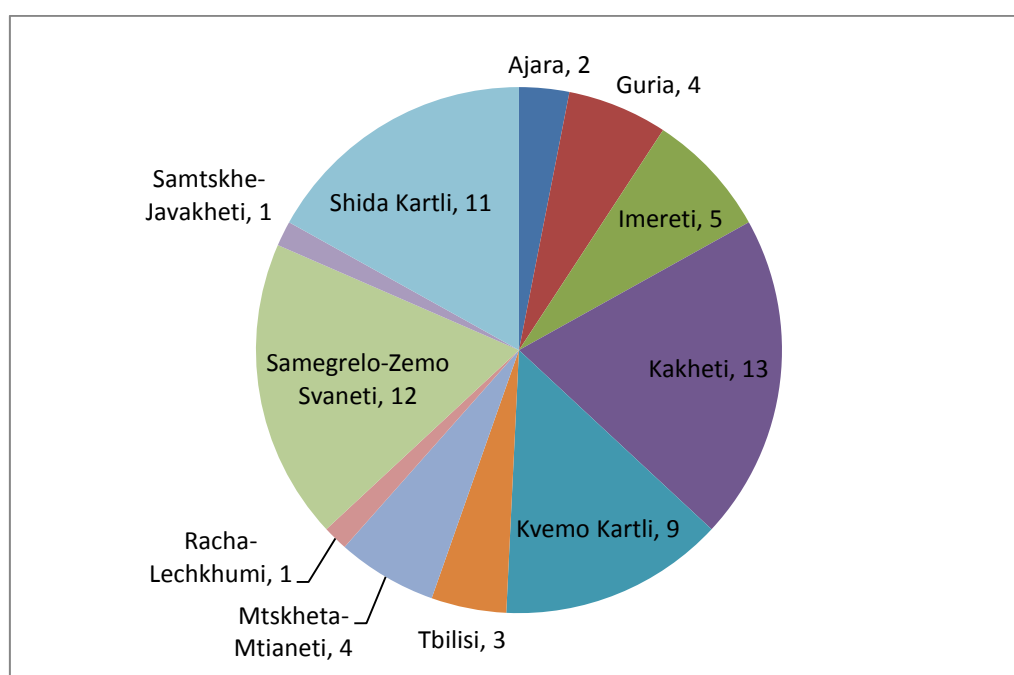
Immediately after RFA release, the REAP outreach team including the Component 1 Lead conducted an outreach campaign in Kakheti, Kvemo Kartli and Shida Kartli which was well attended. The Component 1 Lead delivered presentations to prospective applicants, responded to project inquiries, and facilitated discussion among stakeholders regarding REAP goals and objectives. Regional Coordinators in Telavi and Kutaisi were provided detailed instructions on the application process and now serve as the primary points of contact in their respective regions. In West Georgia outreach presentations were not conducted. However, the Regional Coordinator held several meetings in different regions to generate interest among businesses and encouraged prospective applicants to submit their applications for Round 1. In Tbilisi, Component 1 staff provided individual consultations on technical issues to potential applicants who have come to the REAP office for assistance.

As a result of REAP team efforts, 65 grant applications were submitted in response to the RFA in Round 1 putting the project well on its way to reach the Y1 target of 200 submitted applications over 4 rounds – with a target to approve 30 applications. After this greater than anticipated interest in the program, it appears very likely that REAP will not face any constraints in meeting these targets for Y1.

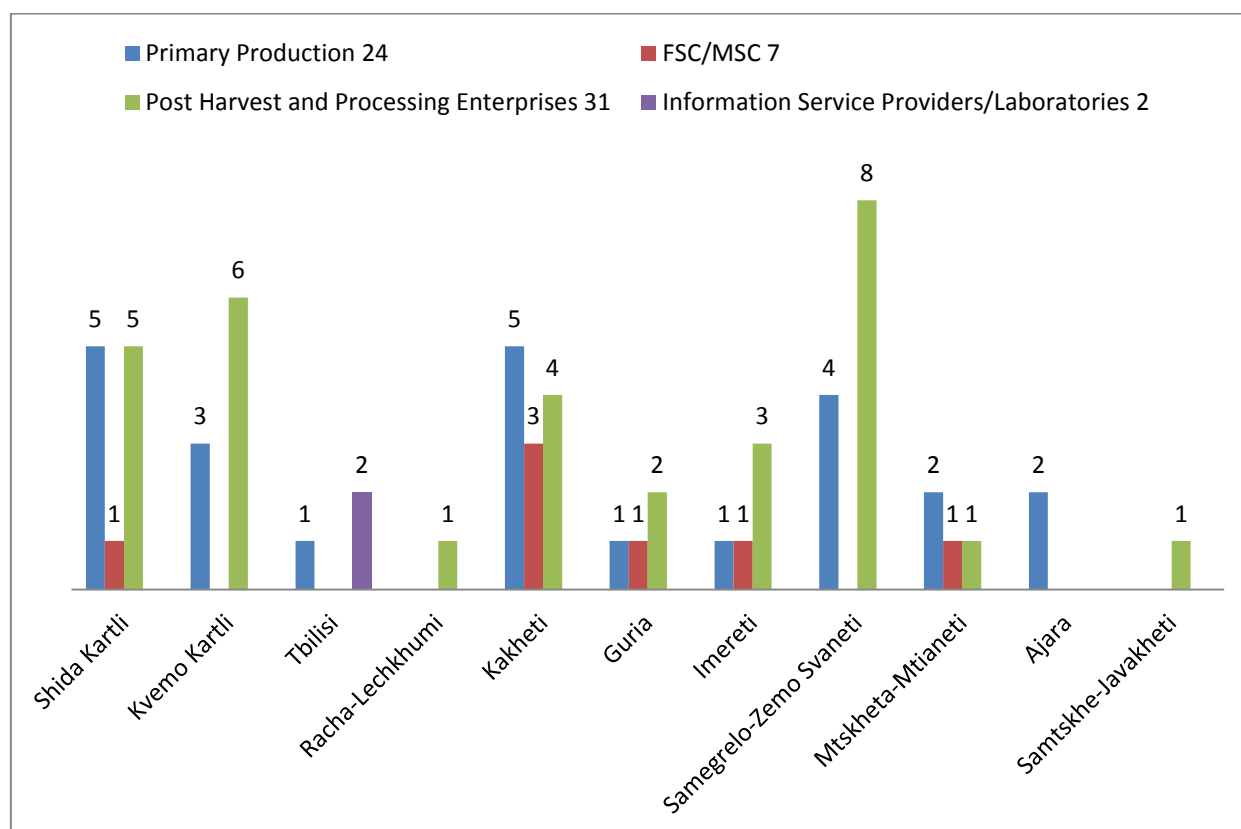
For Round 1, the projects and grant amounts requested per each category are as follows:

- Primary Production – 23 applications (\$318,323.35)
- FSC/MSD – 7 applications (\$684,840.00)
- Post-Harvest and Processing Enterprises – 30 applications (\$3,041,437.00)
- Information Service Providers/Laboratories – 2 applications (\$98,670.00)
- 3 applications were submitted in a non-relevant format that did not meet the application requirements and failed to request a grant amount.

For Round 1, the regional distribution of grant applications is shown below:



In the chart below the regional distribution per type of the projects is depicted:



Component 2: Technical Assistance Program

In Q1, the primary task for Component 2 was the development and submission of materials that included expressions of interest, application forms and other documents needed for BSPs and SMEs to express interest in participating in REAP. Consortium member CARANA supported the early-stage development of these documents with an assignment in October, 2013. Together with the newly formed Component 2 team they began development of the materials (application forms, expression of interests and eligibility criteria) for potential business service providers and small and medium scale enterprises. These documents have since been submitted to USAID and approved. After approval, the documents were translated into Georgian and were made publicly available through the www.jobs.ge website on November 27th, 2013 as well as through the U.S. Embassy Georgia's website

In November, Component 2 staff actively began an outreach campaign with potential BSPs which included the facilitation of six roundtables with 42 potential BSPs in total attendance. In the course of these roundtables, the Component 2 Lead presented activities related to the project, and the specific coordination between Component 1 and the provision of technical assistance. It was clear from these roundtables that a range of BSPs expressed interest to participate in the project and were willing to provide technical assistance to SMEs and investors involved in the agricultural sector. BSPs also showed interest to strengthen their own capacity while making their business sustainable. Announcements regarding REAP's technical assistance program were placed in 8 regional newspapers and uploaded on 4 regional media websites. REAP Component 2 staff provided individualized consultancy regarding the technical assistance program to interested companies and individuals on a daily basis throughout Q1. Other specific activities under Component 2 – workforce development and access to finance – are detailed below under “Cross Cutting Activities”. In December 2013, the REAP Workforce Development specialist joined the Component 2 team. The detailed update on activities related to this topic is discussed under the section “Workforce Development”. The Access to Finance Specialist organized several meeting and discussions with representatives of financial institutions and development funds and the detailed update on this progress is provided below in the section “Access to Finance”.

Monitoring and Evaluation (M&E)

In Q1, REAP established the foundation for its Monitoring and Evaluation system in close coordination with USAID and in compliance with the guidelines set forth in ADS 203.3.2.1. Much of the work in Q1 was aimed at defining and establishing measurable results for the program and will utilize its Performance Monitoring Plan (PMP) to track outputs, outcomes, impacts and milestones over the LOP. This will allow for specific analysis as to why targets are (or are not) being achieved. As of the submission of this QPR, the PMP was pending approval.

Close consultation with USAID M&E personnel throughout Q1 led to several important developments for monitoring future impacts as USAID requested that REAP prepare to conduct a Cost Benefit Analyses (CBA) in order to provide estimates of the economic returns to project activities. In addition, REAP worked closely with USAID to develop its Results Framework in such a way that it can now tailor investments that will lead to the achievement of USAID/Caucasus CDCS Goals and Development Objectives for Georgia.

Following the finalization of the PMP, the REAP team under USAID's guidance, will collect data to establish a baseline and set targets for performance management over the course of the project. With implementation set to begin in earnest in Q2, the M&E System will utilize several data collection methods to track performance including periodic surveys, use of rapid appraisals, and structured surveys.

Environmental Management and Monitoring

In accordance with the USAID/Initial Environmental Examination (IEE) document requirements REAP developed and incorporated specific language into the Grants Application form, Grantee Selection Form, and Applicant Guide.

Per contractual requirements REAP has developed Environmental Mitigation and Monitoring Plans (EMMP) for the following activities:

EMMP 1.Acquisition and transportation of Agriculture equipment if defined by sub-grantees business plans including tractors, processing machinery, refrigeration, maintenance tools, testing equipment etc.)

EMMP 2.Train SME operators/managers/owners in operation and maintenance of equipment and/or facilities

EMMP 3.Planning and implementation of food safety standards, if defined by sub-grantee's business plan, including hiring appropriate personnel, drafting plans, testing, establishing internal procedures, installing equipment, etc.

Over the course of Q1, REAP consulted with USAID and received clarification on key information to be provided in the IEE (Initial Environmental Examination) and PEA (Programmatic Environmental Assessment). The majority of IEE topics were clarified and agreed upon with USAID. REAP expressed its concern regarding the section G. of LIMITATIONS OF THE IEE for REAP (DCN: 2013-GEO-010), containing the clauses which could negatively affect the Project Implementation. In particular, it states that *"This IEE does not cover the following activities and therefore should changes in scope implicate any of these issues/activities, a BEO-approved amendment shall be required:*

- Lead to new construction of buildings or other structures*
- Result in privatization of industrial or infrastructure facilities"*

REAP requested to revise the wording of the above clauses and make amendments to the IEE, if appropriate, due to the fact that some grant projects might include construction activities and in cases of privatization of infrastructure. The justification for such request was provided both verbally and in writing to USAID.

Cross Cutting Activities

Gender

Mainstreaming of a gender perspective into the REAP Project began with a review of the project documentation, the revision of an application package of the C1 Component in cooperation with the Project Team, and drafting a tentative work plan for the first 3 months. A Gender Assessment, initially proposed through STTA, will now be conducted in-house by REAP's Gender Specialist, in consultation with a Georgian short-term research assistant. Also, inclusion of several online consultations with a home-based international consultant in the area of gender and agriculture were also considered. This arrangement will enable savings in budget allocation that could be used for other gender related initiatives later.

Before the gender assessment framework was finalized, a coordination meeting with USAID counterparts took place to facilitate cooperation on gender issues, discuss gender mainstreaming policies and practices of USAID/Georgia and its implementing partners as well as recommended methodology for gender assessment and sharing secondary data on gender and agriculture. USAID counterparts provided recommendations that will be followed beginning in Q2 such as grouping primary tasks that will finalize desk research, allow for a well-designed and aggressive outreach campaign, and identify potential linkages between REAP and other stakeholders active in the field of gender and agriculture.

Access to Finance

In order to discuss potential for the close collaboration with financial institutions the Access to Finance Specialist organized presentations for commercial banks, MFIs, and leasing companies. Six leading commercial banks (BOG, BR, VTB, ProCreditBank, KSB, Constanta Bank, Phasha Bank), the association of MFI's and several independent MFIs (First Credit Union, Credo, BIG), and three leasing companies (TBC leasing, GLC, AG Leasing) participated in these events. REAP staff presented program components and the opportunities related to the Grants and Technical Assistance program and as an outcome of this presentation financial institutions expressed interest to cooperate with the project.

REAP plans to deliver technical assistance of commercial banks through the training of bank staff members. REAP would like to negotiate formal agreements with these financial institutions to specify deliverables and responsibilities of all stakeholders involved. As an outcome of this cooperation, REAP

expects to generate grant applications through the commercial banks, leasing companies and microfinance institutions.

The Access to Finance Specialist together with the REAP COP met with the representatives of the Agriculture Projects' Management Agency and co-investment fund. Both entities expressed interest to cooperate in the implementation of technical assistance and grants.

Workforce Development

In Q1, REAP developed an initial baseline mapping of vocational colleges and higher education institutions offering agriculture-related vocational programs. To this end, REAP met Ministry of Education and Science of Georgia and UNDP's project aimed at modernization of vocational education/training and extension systems related to agriculture in Georgia and Georgian Technical University. Based on the information obtained, REAP plans to have further discussions with these institutions to identify opportunities for cooperation in training delivery for REAP beneficiaries, and establishment of a demand-driven training curricula on specific technical topics including: post-harvest handling, packinghouse operations, and equipment operation that currently are not offered in Georgia.

Financial and Expenditure Summary

USAID Contract No.:	AID-114-C-13-00002
Date of Issuance:	October 1, 2013
Total Potential Amount:	\$19,589,463
Amount Obligated to date:	\$5,308,937
Total Project Funds Expended through 11/30/13:	\$252,001
Projected funds to be expended 12/1 to 12/31/13:	\$150,000
Projected Funds to be Expended in Quarter 1, Year 1:	\$452,001

Key Constraints

Staffing: This became a primary constraint during the start-up phase of the project. Two out of five key staff were immediately unavailable to start their assignment after project award. CNFA HQ management and the REAP COP made filling the vacancies of the Deputy Chief of Party and Director of Finance and Administration the highest priority. The Component 1 team also faced staffing issues as three out of four positions remained vacant throughout much of Q1. As a result of the Component 1 Lead's efforts, candidates for the vacant positions are now identified and will be filled in January 2014.

Programmatic: Due to the aggressive project start-up plan for organizing the first round of Grants competition, Component 1 had limited time to develop, get clearance and release all the application materials. Component 1 could only conduct a limited outreach campaign with pre-application meetings covering just three regions of East Georgia. To mitigate this constraint, Component 1 staff had to allocate sufficient time for individual consultation for potential grantees on a daily basis. Even still, the number of applications received has considerably exceeded the expected amount. As this was the shortest pilot round, REAP will allow sufficient time for the development and release of grant materials during future rounds.

Communications: The main constraint in Communications/Outreach was the delay with the launching of the REAP web page, as this is an effective and convenient way to communicate publicly and keep targeted audiences updated on the main activities of the project. The eventual development of a webpage translated into Georgian will be the best tool for reaching entrepreneurs and agribusinesses throughout the country.

Summary of Upcoming Y1 Q2 Activities

Component 1

- Scoring of submitted grant applications and identification of passing applications;

- Site visits to identify the feasibility of implementation of the planned activities which will include general, operational and environmental due diligence ;
- Final approval of Full Project Proposals, negotiations, drafting and signing of grant agreements and individually defining the dates of the start of projects;
- Identification of priority direction(s) for the second round of applications
- Development of the Second RFA and announcement of the call in mid-February.

Component 2

- Selection of BSPs for upcoming technical assistance projects;
- Identification of non-grantee SMEs for technical assistance;
- Development of a BSP strengthening action plan and strategy;
- Implementation of the technical assistance projects both with grantees and non-grantee SMEs.

Communications/Outreach

- Preparation for the REAP Launch event;
- Placement of information about REAP's Grant and TA Programs on MOA's web-site;
- Planning for the outreach campaign for the second round, starting on or about mid-February to include pre-application sessions in West Georgia.

Other Activities:

- Finalizing gender desk research to support the development of a Y1 gender strategy plan;
- Capacity building among REAP staff on gender development and agriculture.